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INTELLIGENCE MEMORANDUM**EGYPTIAN-SOVIET RELATIONS****DIRECTORATE OF INTELLIGENCE****SECRET**

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CENTRAL INTELLIGENCE AGENCY
Directorate of Intelligence
28 May 1966

INTELLIGENCE MEMORANDUM*

Egyptian-Soviet Relations

Summary

Egypt and the USSR may be moving toward a period of closer cooperation in the pursuit of their common objectives in the Arab world. Nasir's reviving antagonism toward conservative and moderate Arab leaders, his concurrent tendency to try to unify "progressive and revolutionary" Arab forces, and his renewed hostility toward US and British policy in the Middle East have almost certainly increased his readiness to collaborate with Moscow. Moscow's present leadership will be cautiously receptive to opportunities Nasir may offer for extending Soviet influence in the area. They already appear to be preparing to work somewhat more closely with him than in the past in espousing his kind of Arab nationalism, socialism, and opposition to Western influence. There are, however, definite limitations on such cooperation well-recognized by both sides.

*Prepared by the Office of Current Intelligence and coordinated with ORR and ONE.

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1. Egyptian-Soviet relationships have fluctuated over the years as both Nasir and Moscow have shifted their tactics and as their enthusiasm for each other has waxed and ebbed. From 1955 to 1958 the relationship was close, as Moscow backed Egypt's radical revolutionary policies with political and propaganda support and massive doses of arms and economic aid. Beginning in 1958 and extending into 1961, Nasir was antagonized by the USSR's tacit disapproval of the union of Egypt and Syria and by public Soviet criticism of his suppression of local Communists. As a consequence, Nasir's relations with Moscow soured, and for a short while he engaged in open verbal conflict with Khrushchev.

2. A steady renovation of the relationship began with Syria's secession from the union in 1961. Egyptian intervention in support of the Yemeni revolution in 1962 provided a new occasion for Soviet-Egyptian cooperation, with both governments interested in proping up the feeble republican regime. Soviet aid made it possible for Egypt to expand and support its expeditionary force there.

3. Nasir, however, was cautious to protect his independence and his image as a leader of the "non-aligned" world. By early 1964, he had found it necessary to try cooperation with Arab "reactionary" forces, as his concern grew that a war with Israel might develop out of the Jordan waters dispute. He took the initiative in arranging the three Arab summit meetings at which a tactical truce was concluded with other Arab leaders, including long-time enemies such as Saudi Arabia's King Faysal and Jordan's King Husayn.

4. The temporary truce may be nearing an end. Tension with Israel over the Jordan waters has subsided, and Egypt and Saudi Arabia have reached a stalemate over the terms of a settlement of the Yemen problem. Nasir has also come to view Faysal's new campaign for Islamic solidarity as a Western-inspired tactic to rally opposition against him and Egypt's brand of socialism. In addition, Britain's announcement of its decision to withdraw from its base in Aden has stimulated Egypt to increase its

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support of anti-British nationalists in the South Arabian Federation, at least partly in the hope of filling the void the British will leave. Finally, US arms and aircraft agreements with Saudi Arabia, Jordan, and Israel, coupled with uncertainty about the future of US PL-480 aid to Egypt, have increased Nasir's suspicions about US intentions in the Arab world.

5. These new factors in inter-Arab and Arab-Western relations have apparently caused Nasir to consider terminating the detente with the conservative Arab regimes. He has publicly warned that a coalition of "progressive and revolutionary" Arab forces may be formed to oppose "the reactionary grouping and alliance with imperialism in the area." Nasir's reopening of the "progressive" vs. "conservative" split in the Arab world and the resumption of propaganda and subversive warfare against his Arab rivals and Western interests could create favorable conditions for fuller Egyptian-Soviet cooperation.

6. This could involve increased Soviet diplomatic encouragement of the alliance of "progressive" Arab regimes. Moscow has already urged the new Syrian regime to seek closer relations with Cairo, and Syrian-Egyptian economic talks are now under way for the first time since the collapse of the UAR.

7. Egyptian-Soviet cooperation might also involve, for example, Soviet support for Egyptian subversive activities in the Persian Gulf sheikdoms, or Moscow-inspired propaganda, supplementing that from Cairo, against Saudi support of the Yemeni royalists. Soviet naval visits to Egypt might well become more frequent and include stops at Egyptian Red Sea ports.

8. The Soviet Union has already encouraged the outlawed Egyptian Communist parties to cooperate with Nasir's regime. Last year, [REDACTED]

[REDACTED] the two principal factions of the Egyptian Communist Party formally disbanded, ostensibly to join the Arab Socialist Union (ASU), the organization Nasir has formed to generate domestic political support for the regime. Nasir

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appears to believe that he can exploit Communist organizational skills to help pump more life into the ASU. His designation of ex - prime minister Ali Sabri, probably the most pro-Soviet of all Egyptian leaders, as the new secretary general of the ASU should facilitate ASU-Communist cooperation. Although the few hundred Communists are only a minute fraction of the total membership of the ASU, their evident determination to obtain important positions in the organization is in marked contrast with the apathy of most Egyptians toward the ASU.

9. Egypt remains completely dependent on the USSR for military aid. Since the first arms agreement in 1955, Soviet bloc equipment valued at over \$1.3 billion has been sold to Egypt for roughly half that figure. There is every reason to expect that Nasir will continue to look to Moscow not only for spare parts but also for new equipment. Egypt's dominant position in the Arab world stems largely from its military strength, and the military men who rule Egypt are fully aware that the USSR is the only power which can and will equip Egypt's armed forces.

10. Economic aid from the Soviet bloc has totaled nearly \$500 million through 1965. In addition, bloc commitments for the supply of equipment, materials, and services for current and future Egyptian projects amount to more than \$1.1 billion. These figures compare with the \$1.5 billion in economic aid--including over \$800 million in PL-480 foodstuffs--that Egypt received from Western sources through 1965, and present Western commitments for the future amounting to some \$500 million. Thus, the Egyptian economy is becoming increasingly dependent on Soviet bloc aid.

11. The Soviet Union may now be moving into a commanding lead in supplying economic aid to Egypt. Through 1965 official US aid of about \$900 million was more than double that supplied by the USSR. For 1966 and subsequent years, however, the USSR is committed to provide over \$500 million to the Egyptian economy, while the US Government has not decided if it will contribute anything further of major significance to Nasir's regime.

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13. Ironically, Moscow's support of Nasir makes it more difficult for the Soviets to expand their influence elsewhere in the area. In any effort to improve their relations with Nasir's opponents in the Middle East, they risk alienating Egypt. Moscow's recent efforts to enhance its position in Turkey, Iran, and Syria are examples and probably were touched upon in Kosygin's recent talks with Nasir.

14. Kosygin probably went to some lengths to convince Nasir that Egypt remains the keystone of Soviet policies in the Middle East and that its interests are not being damaged by Moscow's diplomatic moves elsewhere in the area. There may also have been some general assurances of Soviet support but it is most unlikely that the Russians gave Nasir anything like a blank check to engage in escapades that might involve the USSR in a serious confrontation with the West. It may be significant in this regard that during his visit, Kosygin appears not to have given specific backing to Nasir's developing showdown with Saudi Arabia. Virtually every act of the post-Khrushchev leadership suggests that this is precisely the kind of "adventurism" it is determined to avoid.

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16. Another limitation on Soviet-Egyptian co-operation is simply a matter of dollars and cents. The Soviets appear to realize they are now reaching the point of diminishing returns on their investment, and also know they cannot alone shoulder all the economic burden of Egypt and the other "progressive" Arab states.

[redacted] Soviet officials are spreading the line, for Western consumption, that the Soviet Union wants the US to renew the PL-480 agreement, and has no desire to scare the Americans away by what appears to be closer bilateral ties between Cairo and Moscow.

17. Nasir, in turn, does not appear ready to fling himself into Moscow's arms, despite his serious economic difficulties and slipping political stature. He will surely try to retain his image as a "nonaligned" leader, although his nonalignment has never meant evenhandedness as between the US and the USSR. He will try to maintain limits on his cooperation with the USSR. "In particular," as the latest NIE on the UAR states, "we still doubt that Nasir would violate his basic principle of opposition to foreign bases by granting military base rights to the USSR." Soviet-Egyptian cooperation in the past was a result of a compatibility of interests. These interests may eventually diverge with regard to specific issues, but for the immediate future they generally seem more likely to coincide.

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